



MONTANA GUARANTEED STUDENT LOAN PROGRAM

MONTANA HIGHER EDUCATION COMPLEX

Montana Higher Education Student Assistance Corporation

Montana Board of Regents

Office of Commissioner of Higher Education

Montana Guaranteed Student Loan Program

Montana Board of Public Education

Student Assistance Foundation of Montana

Montana Student Loan Funding, L.L.C.

2500 BROADWAY

2007 ANNUAL REPORT

IMPROVING ACCESS TO HIGHER EDUCATION IN MONTANA

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THE MONTANA GUARANTEED STUDENT LOAN PROGRAM (MGSLP) EXISTS TO SERVE STUDENTS AND THEIR FAMILIES. WE PROVIDE THIS SERVICE IN A VARIETY OF WAYS: ADMINISTERING THE FEDERAL FAMILY EDUCATION LOAN PROGRAM, FUNDING EARLY AWARENESS, OUTREACH, AND SCHOLARSHIP PROGRAMS, WORKING DILIGENTLY TO KEEP BORROWERS OUT OF DEFAULT, AND WORKING CLOSELY WITH OUR SCHOOL AND LENDING PARTNERS TO IMPROVE ACCESS TO EDUCATION IN MONTANA.

MGSLP EXPERIENCED ANOTHER SUCCESSFUL YEAR IN 2007. REVENUES REMAINED STRONG AND WE WERE ABLE TO SIGNIFICANTLY REDUCE OUR COHORT DEFAULT RATE (A MEASUREMENT USED TO TRACK LOAN DEFAULTS DURING A GIVEN PERIOD OF TIME). ADDITIONALLY, MGSLP PLAYED A KEY ROLE IN IMPROVING THREE IMPORTANT MONTANA PROGRAMS: THE

MONTANA UNIVERSITY SYSTEM HONOR SCHOLARSHIP, THE GOVERNOR'S POSTSECONDARY SCHOLARSHIP PROGRAM, AND THE MONTANA FAMILY EDUCATION SAVINGS PROGRAM. THESE THREE PROGRAMS HAVE A HUGE IMPACT ON ACCESS IN MONTANA AND MGSLP FEELS PRIVILEGED TO ADMINISTER THEM.

MGSLP'S COMMITMENT TO ACCESS REMAINED STRONG DURING FISCAL YEAR 2007. FOR THE SECOND YEAR IN A ROW, WE DELIVERED \$500,000 IN GSL GRANTS. THESE GRANTS GO TO EVERY NOT-FOR-PROFIT SCHOOL IN THE STATE, REGARDLESS OF WHETHER THAT SCHOOL PARTICIPATES IN OUR (OR ANY) LOAN PROGRAM. GSL GRANTS ARE A REFLECTION OF OUR MISSION: IMPROVING ACCESS TO POSTSECONDARY EDUCATION FOR MONTANANS.

A handwritten signature in black ink that reads "Bruce Marks". The signature is written in a cursive, flowing style.

BRUCE MARKS, DIRECTOR
MONTANA GUARANTEED STUDENT LOAN PROGRAM

MISSION: WHO WE ARE

LOCATED IN BEAUTIFUL HELENA, MONTANA, THE MONTANA GUARANTEED STUDENT LOAN PROGRAM (MGSLP), A DIVISION WITHIN THE OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION, WAS ESTABLISHED IN 1979 AS MONTANA'S DESIGNATED GUARANTOR OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP). IN ADDITION TO MONTANA, MGSLP GUARANTEES FFELP LOANS ON A REGIONAL AND NATIONAL LEVEL.

WORKING UNDER THE GUIDANCE OF THE MONTANA BOARD OF REGENTS, THE AGENCY ADMINISTERS A VARIETY OF STATE, FEDERAL, AND PRIVATE GRANT AND SCHOLARSHIP PROGRAMS. A FULL SERVICE GUARANTEE AGENCY, MGSLP PROVIDES SCHOOLS AND LENDERS WITH CENTRAL LOAN ORIGINATOR AND DISBURSEMENT SERVICES, AS WELL AS A VARIETY OF GUARANTEE SUPPORT SERVICES INCLUDING: STREAMLINED APPLICATION PROCESSING; SINGLE POINT CONTACT FOR SCHOOLS AND UNIVERSITIES, LENDERS AND BORROWERS; ON-SITE TECHNICAL EXPERTISE; AND IN-HOUSE DEFAULT PREVENTION AND COLLECTIONS.

MGSLP IS COMMITTED TO PROVIDING THE BEST FINANCIAL ACCESS TO STUDENTS PURSUING POSTSECONDARY EDUCATION GOALS.

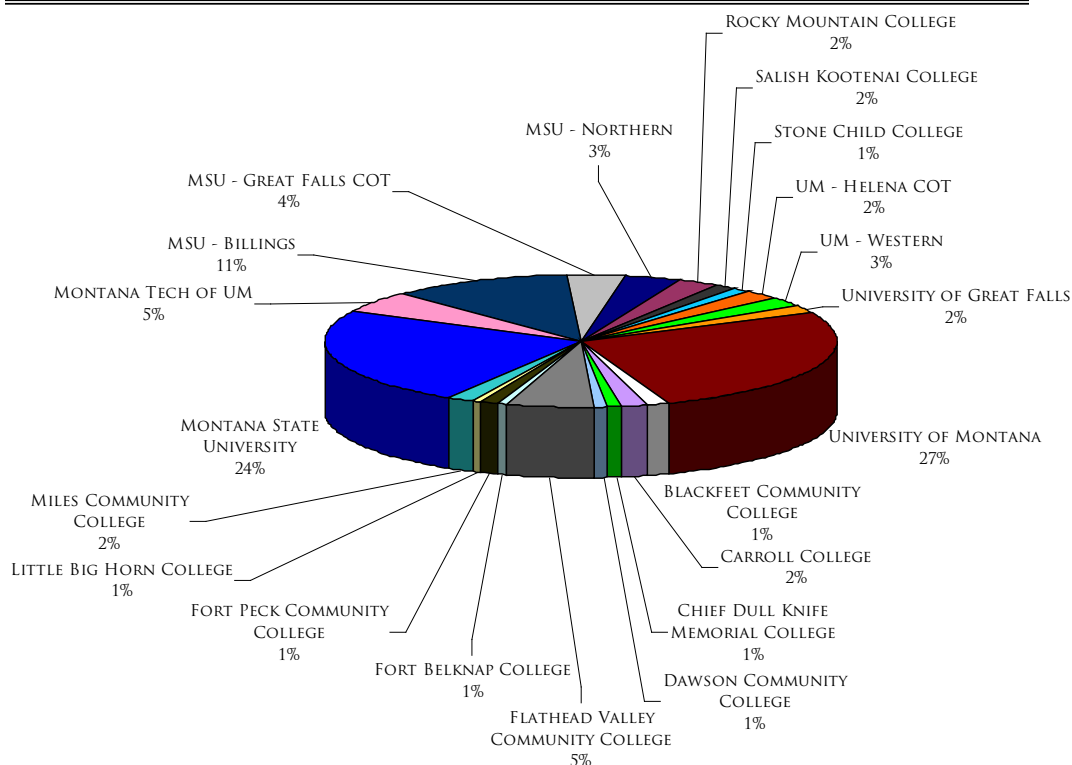


MGSLP GRANTS

AT MGSLP OUR GOAL IS TO HELP PROVIDE POSTSECONDARY EDUCATION ACCESS AND OPPORTUNITY TO AS MANY MONTANA STUDENTS AS POSSIBLE. TO THAT END, OUR STATUS AS A NOT-FOR-PROFIT, GOVERNMENT AGENCY ALLOWS US TO DO JUST THAT. THE MONTANA GUARANTEED STUDENT LOAN PROGRAM PROVIDES NEED-BASED AID TO MONTANA COLLEGE STUDENTS IN THE FORM OF MGSLP GRANTS. IN 2007, MGSLP GRANTS TOTALED \$500,000 AND SINCE THEIR INCEPTION IN 2004, WE HAVE AWARDED \$1.4 MILLION IN GRANTS. THESE GRANTS ARE ALLOCATED DIRECTLY TO THE FINANCIAL AID OFFICES AT EACH SCHOOL BASED UPON UNDERGRADUATE ENROLLMENT AND ALL AWARDS ARE NEED-BASED.

MGSLP AWARDED \$500,000 IN GRANTS FOR THE 2006 - 2007 ACADEMIC YEAR.

MGSLP GRANT PERCENTAGE BY SCHOOL*



* AS AN AVERAGE PERCENTAGE OF THE WHOLE AWARDED.

GRANT AWARDS BY SCHOOL

| | |
|-----------------------------------|------------------|
| BLACKFEET COMMUNITY COLLEGE | \$6,507 |
| CARROLL COLLEGE | \$9,403 |
| CHIEF DULL KNIFE MEMORIAL COLLEGE | \$1,349 |
| DAWSON COMMUNITY COLLEGE | \$5,184 |
| FLATHEAD VALLEY COMMUNITY COLLEGE | \$26,847 |
| FORT BELKNAP COLLEGE | \$3,042 |
| FORT PECK COMMUNITY COLLEGE | \$6,401 |
| LITTLE BIG HORN COLLEGE | \$3,002 |
| MILES COMMUNITY COLLEGE | \$8,252 |
| MONTANA STATE UNIVERSITY | \$119,674 |
| MONTANA TECH OF UM | \$25,405 |
| MSU - BILLINGS | \$57,357 |
| MSU - NORTHERN | \$17,378 |
| MSU - GREAT FALLS COT | \$18,687 |
| ROCKY MOUNTAIN COLLEGE | \$12,511 |
| SALISH KOOTENAI COLLEGE | \$8,266 |
| STONE CHILD COLLEGE | \$4,510 |
| UM - HELENA COT | \$11,294 |
| UM - WESTERN | \$12,881 |
| UNIVERSITY OF GREAT FALLS | \$7,644 |
| UNIVERSITY OF MONTANA | \$134,406 |
| TOTAL | \$500,000 |



"I WANT TO HELP THE NEXT
GENERATION AFFORD A QUALITY
MONTANA EDUCATION."
-GOVERNOR BRIAN SCHWEITZER

IN 2006 - 2007,
MGS LP AWARDED 812
GOVERNOR'S POSTSECONDARY
SCHOLARSHIPS WORTH OVER
\$769,000.

GOVERNOR'S POSTSECONDARY SCHOLARSHIP

THE GOVERNOR'S "BEST AND BRIGHTEST" POSTSECONDARY SCHOLARSHIP HELPS MONTANA HIGH SCHOOL SENIORS AND FIRST TIME COLLEGE STUDENTS ATTEND COLLEGE AT ANY OF MONTANA'S STATE UNIVERSITIES, STATE COMMUNITY COLLEGES, OR TRIBAL COLLEGES. AWARDS ARE BASED ON ACADEMIC MERIT (THE MERIT AND MERIT-AT-LARGE SCHOLARSHIPS), AND STUDENT NEED (THE NEED BASED SCHOLARSHIP).

| | MERIT AWARD | | MERIT-AT-LARGE AWARD | | NEED BASED AWARD | |
|-----------------------------------|-------------|----------|----------------------|----------|------------------|----------|
| | NUMBER | AMOUNT | NUMBER | AMOUNT | NUMBER | AMOUNT |
| BLACKFEET COMMUNITY COLLEGE | - | \$- | 1 | \$1,000 | 25 | \$24,000 |
| CHIEF DULL KNIFE MEMORIAL COLLEGE | - | \$- | - | \$- | 26 | \$25,000 |
| DAWSON COMMUNITY COLLEGE | 2 | \$2,000 | - | \$- | 27 | \$26,000 |
| FLATHEAD VALLEY COMMUNITY COLLEGE | - | \$- | - | \$- | 85 | \$81,500 |
| FORT BELKNAP COLLEGE | - | \$- | - | \$- | 11 | \$10,500 |
| FORT PECK COMMUNITY COLLEGE | 1 | \$1,000 | - | \$- | 39 | \$37,500 |
| LITTLE BIG HORN COLLEGE | - | \$- | - | \$- | 17 | \$16,000 |
| MILES COMMUNITY COLLEGE | 3 | \$4,000 | 1 | \$1,000 | 32 | \$31,000 |
| MONTANA STATE UNIVERSITY | 55 | \$55,000 | 14 | \$24,000 | - | \$- |
| MONTANA TECH OF UM | 15 | \$15,000 | 9 | \$14,000 | 17 | \$16,000 |
| MSU - BILLINGS | 11 | \$11,000 | 7 | \$7,000 | 39 | \$37,500 |
| MSU - NORTHERN | 6 | \$7,000 | 2 | \$4,000 | 38 | \$35,500 |
| MSU - GREAT FALLS COT | 1 | \$2,000 | 3 | \$3,000 | 65 | \$62,500 |
| SALISH KOOTENAI COLLEGE | 1 | \$1,000 | - | \$- | 42 | \$38,500 |
| STONE CHILD COLLEGE | 1 | \$1,000 | - | \$- | 21 | \$20,000 |
| UM - HELENA COT | - | \$- | 2 | \$2,000 | 39 | \$37,500 |
| UM - WESTERN | 5 | \$5,000 | - | \$- | 27 | \$25,000 |
| UNIVERSITY OF MONTANA | 50 | \$50,000 | 16 | \$19,000 | 53 | \$51,000 |

MUS HONOR SCHOLARSHIP



THE MONTANA UNIVERSITY SYSTEM HONOR SCHOLARSHIP (MUSHS) IS A RENEWABLE SCHOLARSHIP WHICH MGSLP ADMINISTERS ON BEHALF OF THE MONTANA UNIVERSITY SYSTEM. THE MUSHS IS AWARDED TO MONTANA STUDENTS AND WAIVES TUITION FOR UP TO 4 YEARS (8 SEMESTERS) AT AN ELIGIBLE POSTSECONDARY INSTITUTION.

IN 2006-2007, 280 MUS HONOR SCHOLARSHIPS WERE AWARDED FOR A TOTAL OF ALMOST \$1.2 MILLION IN TUITION AND REGISTRATION FEE WAIVERS AT MONTANA UNIVERSITIES AND COMMUNITY COLLEGES.

TO BE ELIGIBLE TO RECEIVE THE SCHOLARSHIP, A STUDENT MUST BE A MONTANA RESIDENT, HAVE AN OVERALL GPA OF 3.5 AND BE IN THE TOP 25% OF HIS OR HER CLASS.

| SCHOOL ATTENDED BY AWARDEE | NUMBER ATTENDING | AMOUNT WAIVED |
|-----------------------------------|------------------|--------------------|
| DAWSON COMMUNITY COLLEGE | 2 | \$2,796 |
| FLATHEAD VALLEY COMMUNITY COLLEGE | 1 | \$1,844 |
| MILES COMMUNITY COLLEGE | 1 | \$1,830 |
| MONTANA STATE UNIVERSITY | 136 | \$628,184 |
| MONTANA TECH OF UM | 18 | \$85,608 |
| MSU - BILLINGS | 15 | \$60,720 |
| MSU - BILLINGS COT | - | \$- |
| MSU - NORTHERN | 5 | \$18,230 |
| MSU - GREAT FALLS COT | 4 | \$10,224 |
| UM - HELENA COT | - | \$- |
| UM - MISSOULA COT | 1 | \$2,446 |
| UM - WESTERN | 5 | \$17,075 |
| UNIVERSITY OF MONTANA | 92 | \$367,632 |
| TOTAL | 280 | \$1,196,589 |



MUS HONOR SCHOLARSHIPS AWARDED BY COUNTY

| | | | | | |
|------------|----|---------------|----|--------------|----|
| BEAVERHEAD | 2 | GOLDEN VALLEY | 1 | POWDER RIVER | - |
| BIG HORN | 2 | GRANITE | 1 | POWELL | 1 |
| BLAINE | 4 | HILL | 5 | PRAIRIE | 1 |
| BROADWATER | 1 | JEFFERSON | 2 | RAVALLI | 12 |
| CARBON | 6 | JUDITH BASIN | 3 | RICHLAND | 5 |
| CARTER | 1 | LAKE | 7 | ROOSEVELT | 4 |
| CASCADE | 21 | LEWIS & CLARK | 16 | ROSEBUD | 5 |
| CHOTEAU | 3 | LIBERTY | 2 | SANDERS | 4 |
| CULBERTSON | - | LINCOLN | 6 | SHERIDAN | 3 |
| CUSTER | 3 | MADISON | 4 | SILVER BOW | 8 |
| DANIELS | 1 | MCCONE | 1 | STILLWATER | 5 |
| DAWSON | 1 | MEAGHER | - | SWEET GRASS | 1 |
| DEER LODGE | 2 | MINERAL | 3 | TETON | 3 |
| FALLON | 2 | MISSOULA | 17 | TOOLE | 2 |
| FERGUS | 7 | MUSSELSHELL | 2 | TREASURE | - |
| FLATHEAD | 22 | PARK | 5 | VALLEY | 6 |
| GALLATIN | 17 | PETROLEUM | 1 | WHEATLAND | 3 |
| GARFIELD | 1 | PHILLIPS | 4 | WIBAUX | 1 |
| GLACIER | 3 | PONDERA | 3 | YELLOWSTONE | 34 |

GEAR UP ACHIEVEMENT GRANT

| | |
|-----------------------------------|-------------|
| BLACKFEET COMMUNITY COLLEGE | \$8,103.33 |
| BRIGHAM YOUNG UNIVERSITY | \$1,000.00 |
| BYU - IDAHO | \$1,000.00 |
| CARROLL COLLEGE | \$4,000.00 |
| COMMUNITY COLLEGE OF THE USAF | \$1,000.00 |
| CSU - PUEBLO | \$1,000.00 |
| DAWSON COMMUNITY COLLEGE | \$1,000.00 |
| DICKINSON STATE UNIVERSITY | \$3,000.00 |
| DINE COLLEGE | \$1,000.00 |
| FLATHEAD VALLEY COMMUNITY COLLEGE | \$7,500.00 |
| FORT BELKNAP COLLEGE | \$8,000.00 |
| HUNTINGTON UNIVERSITY | \$1,000.00 |
| JAMESTOWN COLLEGE | \$1,000.00 |
| KANSAS STATE UNIVERSITY | \$1,106.56 |
| LITTLE BIG HORN COLLEGE | \$2,093.33 |
| MISSOURI STATE UNIVERSITY | \$1,000.00 |
| MONTANA STATE UNIVERSITY | \$22,600.00 |
| MONTANA TECH OF UM | \$13,000.00 |
| MSU - BILLINGS | \$4,500.00 |
| MSU - GREAT FALLS COT | \$5,589.89 |
| MSU - NORTHERN | \$4,000.00 |
| NORTHWEST COLLEGE | \$1,000.00 |
| NORTHWEST LINEMAN COLLEGE | \$1,000.00 |
| NORTHWEST NAZARENE UNIVERSITY | \$1,000.00 |
| ROCKY MOUNTAIN COLLEGE | \$1,000.00 |
| SALISH KOOTENAI COLLEGE | \$7,000.00 |
| SARAH LAWRENCE COLLEGE | \$1,000.00 |
| SHERIDAN COLLEGE | \$4,000.00 |
| ST. CLOUD STATE UNIVERSITY | \$1,000.00 |
| STONE CHILD COLLEGE | \$10,206.56 |
| TIDEWATER COMMUNITY COLLEGE | \$1,000.00 |
| TUFTS UNIVERSITY | \$1,096.56 |
| UM - HELENA COT | \$2,106.56 |
| UM - WESTERN | \$9,096.56 |
| UNIVERSITY OF GREAT FALLS | \$3,000.00 |
| UNIVERSITY OF HAWAII AT MONA | \$1,000.00 |
| UNIVERSITY OF MIAMI-CORAL GABLES | \$1,000.00 |
| UNIVERSITY OF MN MORRIS | \$1,000.00 |
| UNIVERSITY OF MONTANA | \$25,100.00 |
| WESTMINSTER COLLEGE | \$1,000.00 |
| WYOMING TECHNICAL INSTITUTE | \$2,000.00 |

TOTAL **\$167,099.35**

GEAR UP SCHOLARSHIPS

IN 2006-2007, MGS LP AWARDED OVER \$367,000 IN GEAR UP SCHOLARSHIPS AND GRANTS.

THE \$1000 GEAR UP ACHIEVEMENT GRANT IS AWARDED TO STUDENTS AT MONTANA GEAR UP SCHOOLS WHO ARE ENROLLED IN COLLEGE PREPARATORY COURSES AND MEET THE ELIGIBILITY REQUIREMENTS. IT IS BOTH AN INCENTIVE TO COMPLETE THEIR EDUCATION AND A REWARD FOR THEIR CONTINUED EFFORTS TO FULFILL THE MISSION OF GEAR UP. AWARDS ARE HELD IN AN ACCOUNT FOR UP TO 18 MONTHS AFTER THE RECIPIENTS GRADUATE FROM HIGH SCHOOL AND ARE READY TO PUT THEIR FUNDS TO USE FOR FURTHER EDUCATION. ACHIEVEMENT GRANTS MAY BE USED AT ANY ACCREDITED INSTITUTION IN THE NATION.

THE GEAR UP PATHWAYS SCHOLARSHIP HELPS PROVIDE ACADEMICALLY PREPARED STUDENTS FROM LOW AND LOW- MIDDLE-INCOME FAMILIES ACCESS TO POSTSECONDARY EDUCATION. THE SCHOLARSHIP IS AWARDED TO RECIPIENTS OF THE MONTANA GEAR UP ACHIEVEMENT GRANT WHO MEET THE ELIGIBILITY REQUIREMENTS AND APPLY DURING THEIR SENIOR YEAR OF HIGH SCHOOL. STUDENTS CAN RECEIVE UP TO \$5,000 PER YEAR, WITH A MAXIMUM TOTAL AMOUNT OF UP TO \$20,000 OVER THE LIFE OF THE SCHOLARSHIP. THE SCHOLARSHIP MAY BE USED AT ANY PUBLIC OR PRIVATE ACCREDITED INSTITUTION IN MONTANA.

GEAR UP PATHWAYS SCHOLARSHIP

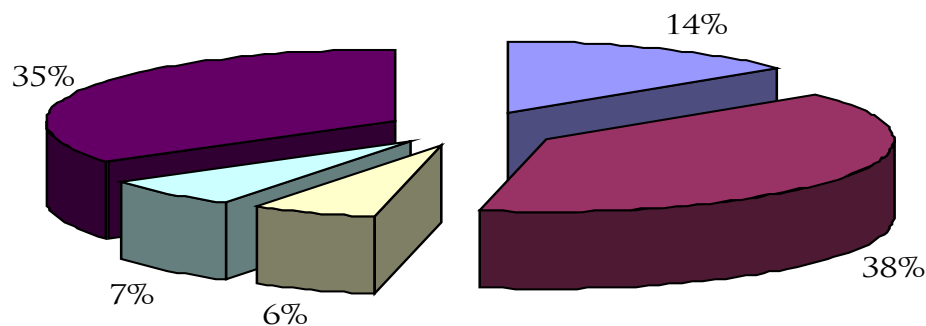
| | |
|--------------------------|-------------|
| CARROLL COLLEGE | \$5,000.00 |
| LITTLE BIG HORN COLLEGE | \$5,000.00 |
| MONTANA STATE UNIVERSITY | \$59,300.00 |
| MONTANA TECH OF UM | \$15,000.00 |
| MSU - BILLINGS | \$17,500.00 |
| MSU - GREAT FALLS COT | \$5,000.00 |
| ROCKY MOUNTAIN COLLEGE | \$10,000.00 |
| SALISH KOOTENAI COLLEGE | \$10,000.00 |
| UNIVERSITY OF MONTANA | \$58,500.00 |
| UM - WESTERN | \$15,000.00 |

TOTAL **\$200,300.00**



MONTANA HIGHER EDUCATION GRANTS

THE MONTANA HIGHER EDUCATION GRANT (MHEG) IS MONTANA'S MATCHING PROGRAM FOR THE FEDERAL LEVERAGING EDUCATIONAL ASSISTANCE PROGRAM (LEAP). MHEG IS AWARDED TO MONTANA RESIDENT STUDENTS WHO DEMONSTRATE EXCEPTIONAL FINANCIAL NEED.

IN 2006 - 2007 MGSHP AWARDED \$577,751 IN MONTANA HIGHER EDUCATION GRANTS TO STUDENTS ENROLLED AT UNIVERSITIES AND COLLEGES STATEWIDE.



TOTAL AWARDS BY AFFILIATION

| | | |
|---|---|-----------|
| COMMUNITY COLLEGES AND COLLEGES OF TECHNOLOGY |  | \$81,166 |
| MONTANA STATE UNIVERSITY SCHOOLS |  | \$224,569 |
| PRIVATE SCHOOLS |  | \$34,143 |
| TRIBAL SCHOOLS |  | \$38,208 |
| UNIVERSITY OF MONTANA SCHOOLS |  | \$199,485 |

TOTAL MHEG AWARDS BY SCHOOL

| SCHOOL | AMOUNT |
|-----------------------------------|-----------|
| BLACKFEET COMMUNITY COLLEGE | \$7,516 |
| CARROLL COLLEGE | \$10,861 |
| CHIEF DULL KNIFE MEMORIAL COLLEGE | \$1,559 |
| DAWSON COMMUNITY COLLEGE | \$5,989 |
| FLATHEAD VALLEY COMMUNITY COLLEGE | \$31,012 |
| FORT BELKNAP COLLEGE | \$3,514 |
| FORT PECK COMMUNITY COLLEGE | \$7,394 |
| LITTLE BIG HORN COLLEGE | \$3,468 |
| MILES COMMUNITY COLLEGE | \$9,533 |
| MONTANA STATE UNIVERSITY | \$138,240 |
| MONTANA TECH OF UM | \$29,347 |
| MSU - BILLINGS | \$66,255 |
| MSU - NORTHERN | \$20,074 |
| MSU - GREAT FALLS COT | \$21,586 |
| ROCKY MOUNTAIN COLLEGE | \$14,452 |
| SALISH KOOTENAI COLLEGE | \$9,548 |
| STONE CHILD COLLEGE | \$5,209 |
| UM - HELENA COT | \$13,046 |
| UM - WESTERN | \$14,880 |
| UNIVERSITY OF GREAT FALLS | \$8,830 |
| UNIVERSITY OF MONTANA | \$155,258 |

TOTAL MHEG AWARDS BY SCHOOL

| SCHOOL | AMOUNT |
|-----------------------------------|-----------|
| BLACKFEET COMMUNITY COLLEGE | \$28,144 |
| CARROLL COLLEGE | \$44,399 |
| CHIEF DULL KNIFE MEMORIAL COLLEGE | \$5,835 |
| DAWSON COMMUNITY COLLEGE | \$22,424 |
| FLATHEAD COMMUNITY COLLEGE | \$116,125 |
| FORT BELKNAP COLLEGE | \$13,157 |
| FORT PECK COMMUNITY COLLEGE | \$27,687 |
| LITTLE BIG HORN COLLEGE | \$12,985 |
| MILES COMMUNITY COLLEGE | \$35,695 |
| MONTANA STATE UNIVERSITY | \$517,641 |
| MONTANA TECH OF UM | \$109,889 |
| MSU - BILLINGS | \$248,095 |
| MSU - NORTHERN | \$75,166 |
| MSU - GREAT FALLS COT | \$80,830 |
| ROCKY MOUNTAIN COLLEGE | \$59,074 |
| SALISH KOOTENAI COLLEGE | \$35,753 |
| STONE CHILD COLLEGE | \$19,507 |
| UM - HELENA COT | \$48,852 |
| UM - WESTERN | \$55,717 |
| UNIVERSITY OF GREAT FALLS | \$36,094 |
| UNIVERSITY OF MONTANA | \$581,367 |

MONTANA TUITION ASSISTANCE PROGRAM

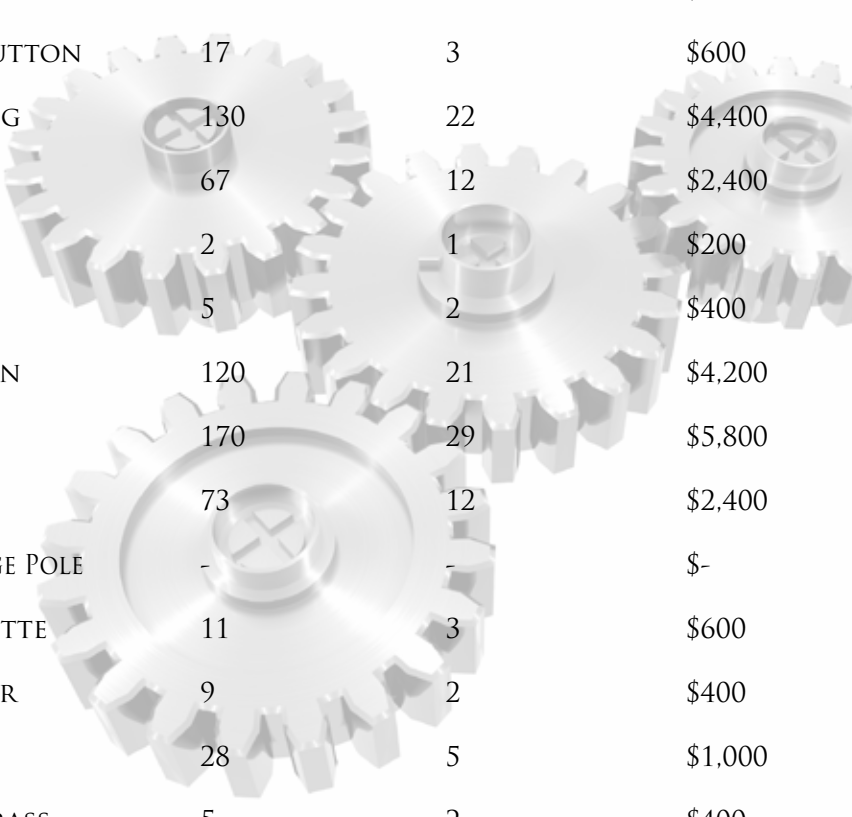
THE MONTANA TUITION ASSISTANCE PROGRAM (MTAP) IS MONTANA'S MATCHING PROGRAM FOR THE FEDERAL SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PROGRAM (SLEAP). RECIPIENTS OF MTAP MUST BE MONTANA RESIDENTS HAVING EARNINGS FROM WORK OF \$2,500 OR MORE, ALONG WITH AN EXPECTED FAMILY CONTRIBUTION (EFC) OF LESS THAN \$6,500.

MGSLP AWARDED \$2,174,436 IN MTAP GRANTS FOR THE 2006 - 2007 ACADEMIC SCHOOL YEAR.

TOTAL AWARDS BY AFFILIATION

| | |
|---|-----------|
| COMMUNITY COLLEGES AND COLLEGES OF TECHNOLOGY | \$303,926 |
| MONTANA STATE UNIVERSITY SCHOOLS | \$840,902 |
| PRIVATE SCHOOLS | \$139,567 |
| TRIBAL SCHOOLS | \$143,068 |
| UNIVERSITY OF MONTANA SCHOOLS | \$746,973 |

2006 - 2007 GEAR UP ESSAY AWARD AMOUNTS BY MIDDLE SCHOOL



| GEAR UP MIDDLE SCHOOL | NUMBER OF ESSAYS SUBMITTED | NUMBER OF SCHOLARSHIPS AWARDED | SCHOLARSHIP AMOUNTS |
|-----------------------|----------------------------|--------------------------------|---------------------|
| ARLEE | 61 | 11 | \$2,200 |
| BOX ELDER | 23 | 4 | \$800 |
| BRADY-DUTTON | 17 | 3 | \$600 |
| BROWNING | 130 | 22 | \$4,400 |
| CHARLO | 67 | 12 | \$2,400 |
| DIXON | 2 | 1 | \$200 |
| DODSON | 5 | 2 | \$400 |
| EVERGREEN | 120 | 21 | \$4,200 |
| HARDIN | 170 | 29 | \$5,800 |
| HARLEM | 73 | 12 | \$2,400 |
| HAYS LODGE POLE | - | - | \$- |
| HEART BUTTE | 11 | 3 | \$600 |
| LAME DEER | 9 | 2 | \$400 |
| LINCOLN | 28 | 5 | \$1,000 |
| LODGE GRASS | 5 | 2 | \$400 |
| MARION | 19 | 4 | \$800 |
| NASHUA | 12 | 2 | \$400 |
| PRYOR | 4 | 1 | \$200 |
| ROCKY BOY | 43 | 7 | \$1,400 |

GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR UP)

MONTANA GEAR UP BELIEVES THAT POSTSECONDARY EDUCATION IS POSSIBLE FOR ALL MONTANA STUDENTS, REGARDLESS OF ECONOMIC BACKGROUND, AND STRIVES TO EMPOWER THEM TO REALIZE THAT AMBITION.

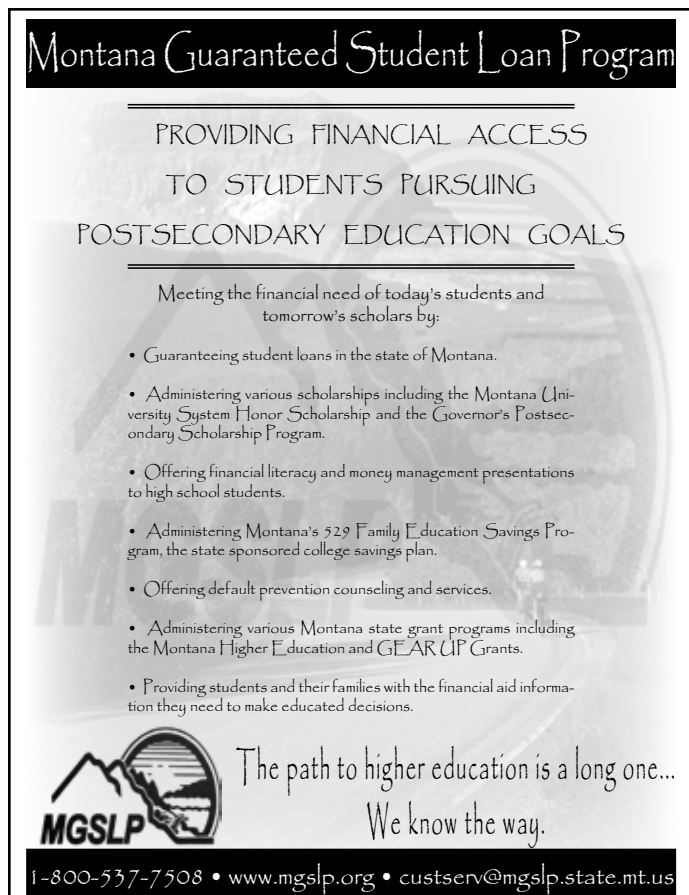
THE MGSLP ESSAY CONTEST WAS CREATED TO ENCOURAGE STUDENTS IN SCHOOL TO THINK ABOUT SAVING FOR COLLEGE, TO EMPHASIZE THE IMPORTANCE OF WRITING WELL, AND TO PROVIDE AN INCENTIVE FOR STUDENTS TO WRITE. DURING THE EIGHT YEARS OF THE ESSAY CONTEST, STUDENTS HAVE RECEIVED SCHOLARSHIPS AND SAVINGS BONDS WORTH MORE THAN \$244,000. THESE SCHOLARSHIPS CAN BE USED AT ANY ACCREDITED COLLEGE IN THE UNITED STATES.

IN 2006 - 2007, \$37,400 WAS AWARDED TO 187 GEAR UP MIDDLE SCHOOL STUDENTS.

| GEAR UP MIDDLE SCHOOL | NUMBER OF ESSAYS SUBMITTED | NUMBER OF SCHOLARSHIPS AWARDED | SCHOLARSHIP AMOUNTS |
|-----------------------|----------------------------|--------------------------------|---------------------|
| RONAN | 120 | 21 | \$4,200 |
| ST IGNATIUS | 46 | 8 | \$1,600 |
| ST. REGIS | 18 | 3 | \$600 |
| TROUT CREEK | 12 | 2 | \$400 |
| TWO EAGLE RIVER | 12 | 2 | \$400 |
| VAUGHN | 18 | 4 | \$800 |
| WINNETT | 16 | 3 | \$600 |
| WOLF POINT | 2 | 1 | \$200 |

HIGH SCHOOL OUTREACH

MGS LP IS COMMITTED TO TEACHING YOUNG PEOPLE THE IMPORTANCE OF MANAGING THEIR MONEY. OUR HIGH SCHOOL OUTREACH EDUCATES, CHALLENGES AND GIVES YOUNG PEOPLE THE TOOLS TO LEARN ABOUT FINANCIAL LITERACY, BUDGETING, AND FINANCIAL AID. WE HELP PARENTS AND STUDENTS NAVIGATE THE FINANCIAL AID PROCESS THROUGH PARENT NIGHT WORKSHOPS AND SPECIAL IN-CLASS PRESENTATIONS. DURING ACADEMIC YEAR 2006-07, MGS LP GAVE PRESENTATIONS AT 65 DIFFERENT HIGH SCHOOLS, EQUIPPING OVER 4800 STUDENTS WITH VALUABLE MONEY MANAGEMENT TOOLS.




Montana Guaranteed Student Loan Program

PROVIDING FINANCIAL ACCESS
TO STUDENTS PURSUING
POSTSECONDARY EDUCATION GOALS

Meeting the financial need of today's students and tomorrow's scholars by:

- Guaranteeing student loans in the state of Montana.
- Administering various scholarships including the Montana University System Honor Scholarship and the Governor's Postsecondary Scholarship Program.
- Offering financial literacy and money management presentations to high school students.
- Administering Montana's 529 Family Education Savings Program, the state sponsored college savings plan.
- Offering default prevention counseling and services.
- Administering various Montana state grant programs including the Montana Higher Education and GEAR UP Grants.
- Providing students and their families with the financial aid information they need to make educated decisions.

 The path to higher education is a long one...
We know the way.

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MGS LP's 2007 GUIDE TO HIGHER EDUCATION ADVERTISEMENT

FALL COLLEGE FAIR TOUR

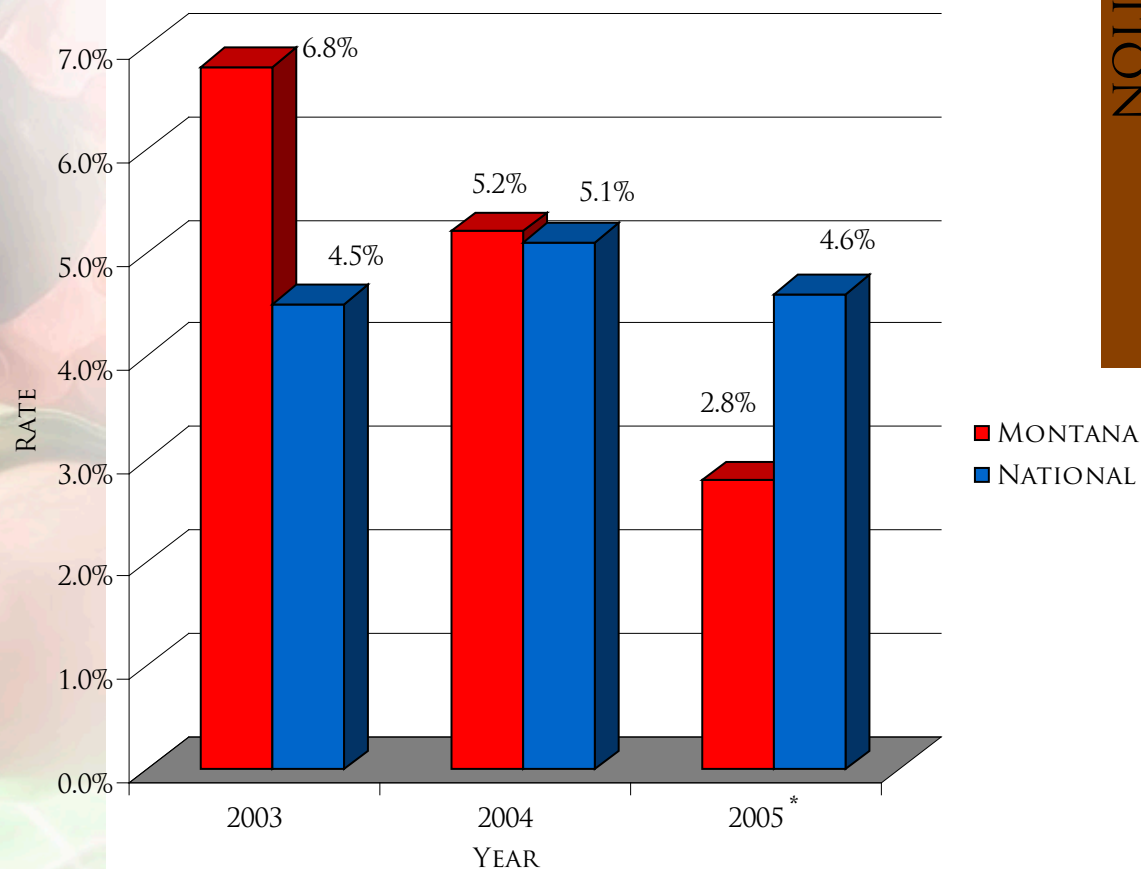
EVERY YEAR, MGS LP PARTICIPATES IN THE MONTANA POST SECONDARY EDUCATION OPPORTUNITIES COUNCIL (MPSEOC) FALL COLLEGE FAIR TOUR. MGS LP DONATES \$5,000 TOWARD SCHOLARSHIPS FOR THE THREE WEEK STATE WIDE TOUR, AS WELL AS HELPING TO FUND (THROUGH ADVERTISEMENTS) THE MPSEOC GUIDE TO HIGHER EDUCATION, A PUBLICATION WHICH IS DISTRIBUTED FREE TO MONTANA HIGH SCHOOL STUDENTS AND GUIDANCE COUNSELORS.

THE FAIRS (WHICH ARE TARGETED AT HIGH SCHOOL STUDENTS, BUT MAY BE ATTENDED BY ANYONE) FEATURE BETWEEN 65 - 80 COLLEGES FROM AROUND THE U.S. AS WELL AS BRANCHES OF THE UNITED STATES ARMED FORCES. THE FAIRS ARE USED TO PROMOTE HIGHER EDUCATION TO STUDENTS, PARENTS AND GUIDANCE COUNSELORS, AND TO EMPHASIZE POSTSECONDARY OPPORTUNITIES AVAILABLE THROUGHOUT THE STATE OF MONTANA AND BEYOND.

DEFAULT PREVENTION

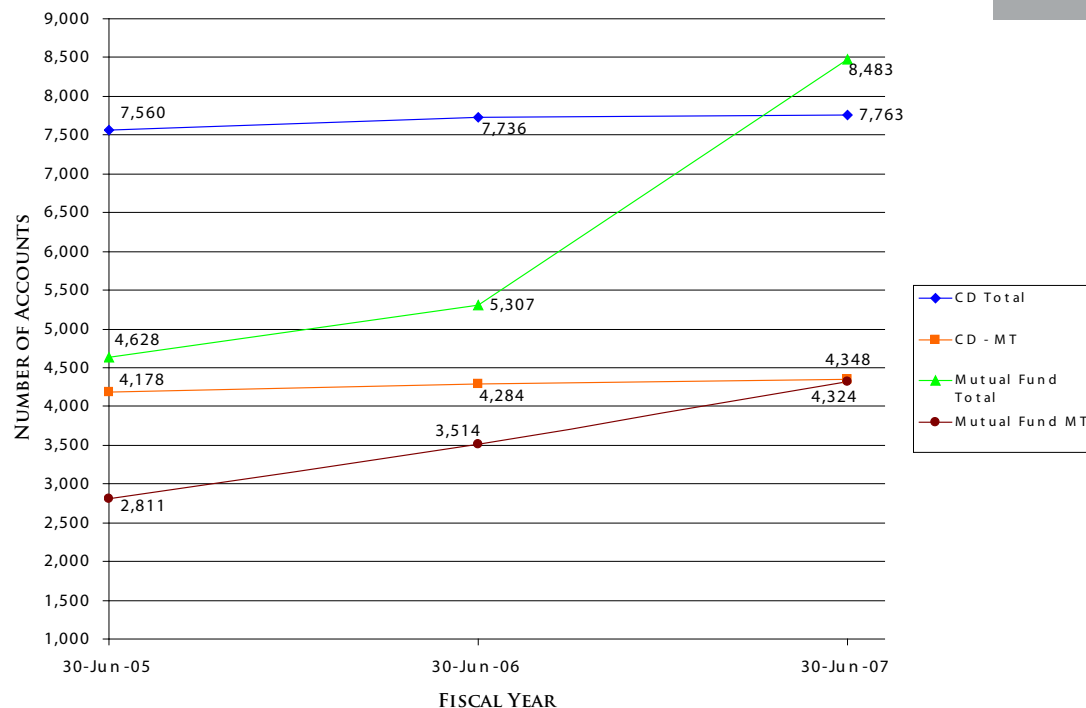
AT A TIME WHEN ESCALATING HIGHER EDUCATION DEBT IS MAKING HEADLINES NATIONWIDE, THE MONTANA GUARANTEED STUDENT LOAN PROGRAM HAS PROVEN IT CAN HELP STUDENTS AND PARENTS SUCCESSFULLY MANAGE STUDENT LOAN REPAYMENT. MGS LP'S PROACTIVE APPROACH IS KEY TO ACHIEVING A RECORD LOW DEFAULT RATE. WE ARE COMMITTED TO OFFERING ASSISTANCE WITH ENTRANCE AND EXIT COUNSELING, PROVIDING TRAINING TO FINANCIAL AID ADMINISTRATORS, AND EDUCATING STUDENTS ON RESPONSIBLE BORROWING HABITS.

COHORT DEFAULT RATE COMPARISON



COHORT DEFAULT RATES ARE CALCULATED ANNUALLY AND ARE BASED ON THE PERCENTAGE OF STUDENTS WHO ENTER REPAYMENT AND DEFAULT BEFORE THE END OF THE NEXT FEDERAL FISCAL YEAR.

*LATEST YEAR FOR WHICH DATA IS AVAILABLE

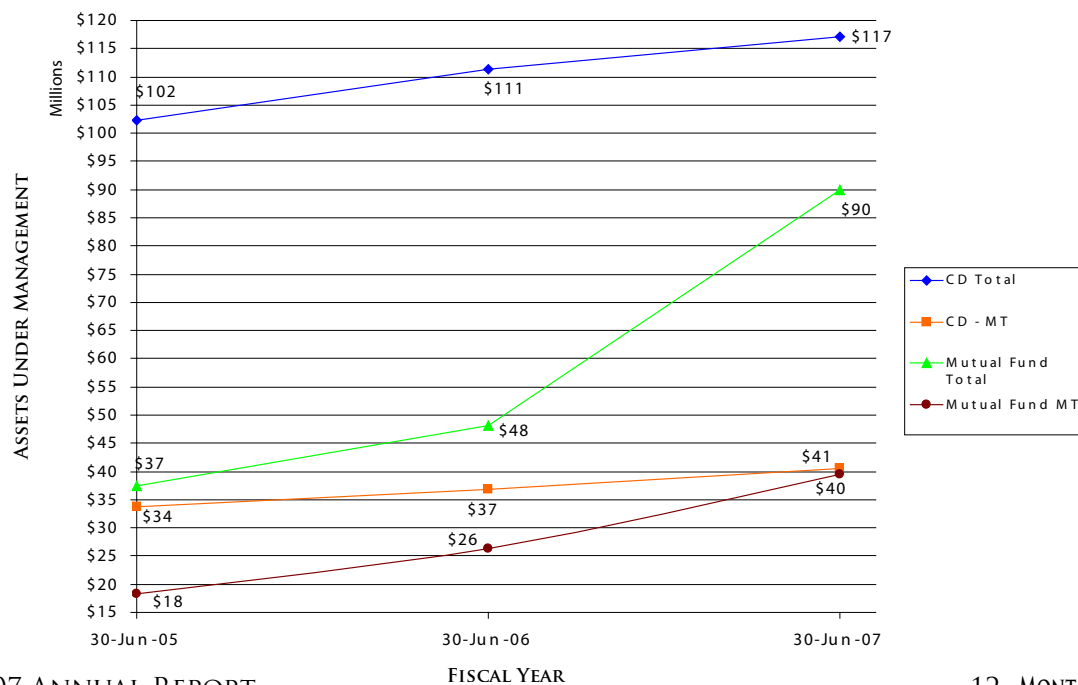
MONTANA FAMILY EDUCATION SAVINGS PLAN
ACCOUNTS UNDER MANAGEMENT

MONTANA FAMILY EDUCATION SAVINGS PROGRAM (529)

AS OF JUNE 30, 2007 THE MFESP HAD 16,874 ACCOUNTS, WITH JUST OVER \$205 MILLION IN ASSETS UNDER MANAGEMENT. MONTANA RESIDENTS HELD 8,672 OF THESE ACCOUNTS, WITH ASSETS OF JUST OVER \$80 MILLION.

THE MONTANA FAMILY EDUCATION SAVINGS PROGRAM, OR MFESP, IS A STATE SPONSORED 529 SAVINGS PLAN. NAMED AFTER SECTION 529 OF THE INTERNAL REVENUE CODE, 529 PLANS ARE TAX ADVANTAGED SAVINGS VEHICLES, DESIGNED TO ENCOURAGE THE SAVING OF MONEY FOR HIGHER EDUCATION PURPOSES. WITH A 529, CONTRIBUTIONS ARE ALLOWED TO GROW TAX FREE, WHILE AT THE SAME TIME ALLOWING FOR TAX FREE DISBURSEMENTS WHEN ASSETS ARE UTILIZED AT A QUALIFIED EDUCATIONAL INSTITUTION WORLD-WIDE. FOR MONTANA RESIDENTS, CONTRIBUTIONS UP TO \$3,000 (\$6,000 IF MARRIED, FILING JOINTLY) MAY BE DEDUCTED ANNUALLY FROM MONTANA ADJUSTED GROSS INCOME. THERE IS NO RECAPTURE ON WITHDRAWALS USED TO PAY QUALIFIED HIGHER EDUCATION EXPENSES FROM ACCOUNTS THAT HAVE BEEN OPENED AT LEAST THREE YEARS.

THE MFESP CURRENTLY OFFERS TWO AVENUES OF INVESTMENTS TO CHOOSE FROM. INDIVIDUALS MAY INVEST IN COLLEGE SURE CD'S FROM COLLEGE SAVINGS BANK, OR THEY CAN INVEST IN UP TO 5 PACIFIC LIFE FUND OF FUNDS, WHICH OFFER UP TO 11 ASSET CLASSES, 12 INVESTMENT MANAGERS, AND 16 UNDERLYING FUNDS WITH OVER 1,000 UNIQUE HOLDINGS. PORTFOLIO MODELS RANGE FROM CONSERVATIVE TO AGGRESSIVE AND CAN BE PURCHASED DIRECTLY FROM PACIFIC LIFE, OR THROUGH A FINANCIAL ADVISOR. INVESTMENT IN A PACIFIC LIFE MONEY MARKET FUND IS ALSO AN OPTION.

MONTANA FAMILY EDUCATION SAVINGS PLAN
ASSETS UNDER MANAGEMENT

TOTAL LOAN VOLUME

| | 2004 - 2005 | 2005 - 2006 | 2006 - 2007 |
|--------------------------|----------------------|----------------------|----------------------|
| SUBSIDIZED LOANS | \$76,279,981 | \$76,998,391 | \$73,348,128 |
| UNSUBSIDIZED LOANS | \$51,784,940 | \$56,859,719 | \$57,554,720 |
| PLUS LOANS | \$16,774,880 | \$23,669,159 | \$23,208,635 |
| GRADPLUS LOANS | N/A | N/A | \$1,584,364* |
| TOTAL LOAN VOLUME | \$144,839,801 | \$157,527,269 | \$155,695,847 |

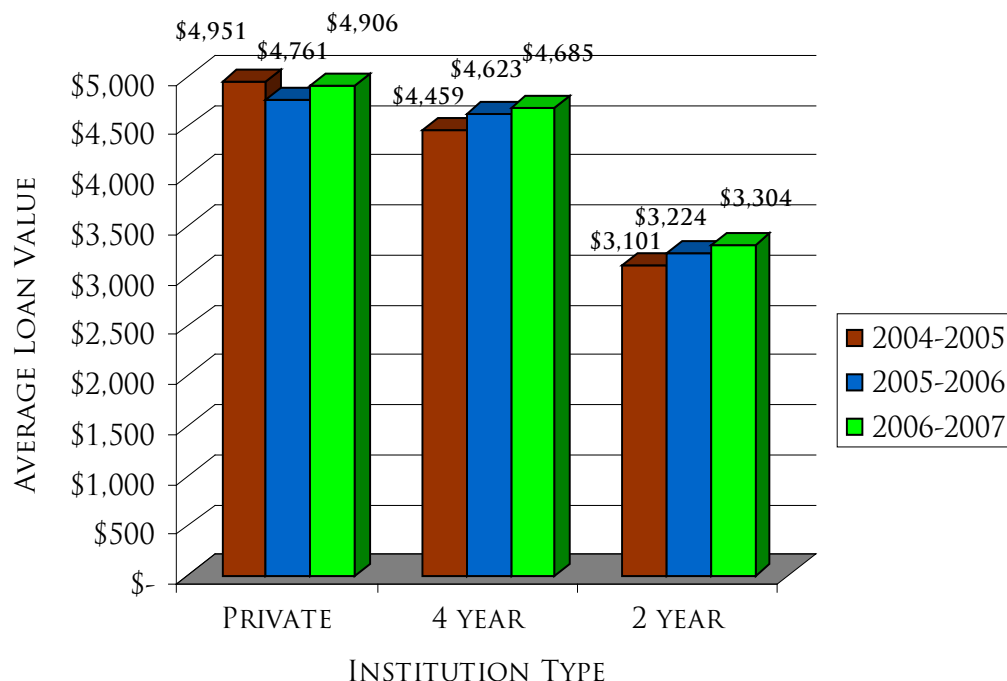
*2006-2007, FIRST YEAR OF GRADPLUS LOANS



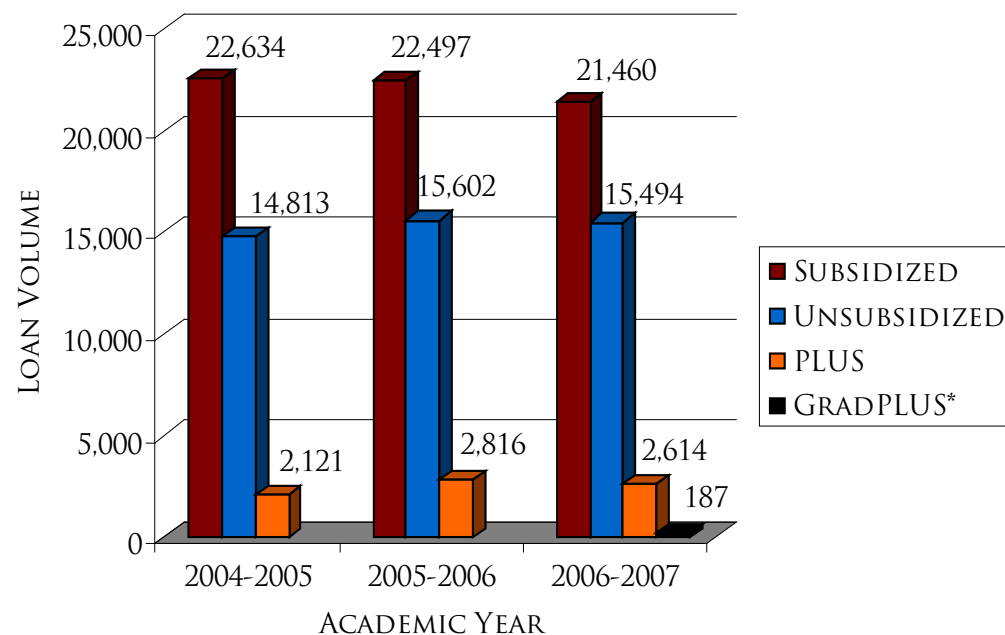
WITH A STAFF OF AROUND 50, IT SPEAKS TO OUR EFFICIENCY THAT MGSLP PROCESSED, DISBURSED, AND GUARANTEED, NEARLY 40,000 LOANS TOTALING OVER \$155 MILLION FOR MONTANA STUDENTS AND PARENTS IN FISCAL YEAR 2006 - 2007.

-RON MUFFICK
ASSOCIATE DIRECTOR, MGSLP

AVERAGE LOAN AMOUNT BY INSTITUTION TYPE FOR MONTANA STUDENTS



NUMBER OF LOANS PROCESSED FOR MONTANA SCHOOLS BY LOAN TYPE



*2006-2007, FIRST YEAR OF GRADPLUS LOANS

MGSLP IS CURRENTLY THE ADMINISTRATOR OF THE FEDERAL TEACHER LOAN FORGIVENESS PROGRAM, AND IN 2007 WE ACQUIRED THE ADMINISTRATION OF THE NEW MONTANA QUALITY EDUCATOR LOAN ASSISTANCE PROGRAM. THE PROGRAM WAS PASSED BY THE 2007 MONTANA LEGISLATURE AND MAKES PROVISION FOR STUDENT LOAN REPAYMENT ASSISTANCE FOR UP TO FOUR YEARS AND A MAXIMUM DOLLAR AMOUNT OF \$3000 ANNUALLY FOR QUALITY EDUCATORS WORKING IN CRITICAL SHORTAGE AREAS IN MONTANA.

WHILE THIS IS A NEW PROGRAM AND DIFFICULT TO PREDICT THE TOTAL NUMBER OF POTENTIALLY ELIGIBLE EDUCATORS, PRELIMINARY ASSUMPTIONS ESTIMATE THAT IN THE FIRST YEAR ALONE APPROXIMATELY 100 EDUCATORS WILL BE SERVED FOR A TOTAL OF \$300,000 IN LOAN REPAYMENT ASSISTANCE. THE PROGRAM IS FUNDED TO HELP AN ADDITIONAL 100 EDUCATORS EACH YEAR AND WILL AMOUNT TO \$1.2 MILLION DOLLARS IN TOTAL STUDENT LOAN ASSISTANCE WHEN FULLY IMPLEMENTED.

IT IS OUR PRIVILEGE AND PLEASURE TO BE THE ADMINISTRATORS OF THIS NEW LEGISLATION THAT WILL HELP RECRUIT AND RETAIN TEACHERS IN MONTANA, AND LESSEN THE STUDENT LOAN DEBT BURDEN FOR QUALIFYING EDUCATORS.

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 |
|----------------------|-----------|-----------|-----------|-------------|
| EDUCATORS SERVED | 100 | 200 | 300 | 400 |
| TOTAL LOAN REPAYMENT | \$300,000 | \$600,000 | \$900,000 | \$1,200,000 |



THIS PAST YEAR HAS BEEN VERY TUMULTUOUS FOR THE STUDENT LOAN INDUSTRY, HOWEVER MGSLP HAS PROVEN ITS STRENGTH AND STABILITY BY ENDING FISCAL YEAR 2007 WITH A PROFIT IN BOTH THE AGENCY OPERATING FUND AND THE FEDERAL RESERVE FUND.

NEARLY HALF OF THE EXPENSES IN THE AGENCY OPERATING FUND ARE THE RETURN OF RECOVERIES OF LOAN PRINCIPAL TO THE US DEPARTMENT OF EDUCATION. THE GREATEST INCREASE IN REVENUE FOR THE YEAR WAS FROM REHABILITATED LOAN COLLECTIONS. THIS IS POSITIVE FOR BOTH THE BORROWER AND MGSLP.

- ROBIN GRAHAM,
CHIEF FINANCIAL OFFICER, MGSLP

| <u>AGENCY OPERATING FUND</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> |
|------------------------------|----------------|----------------|----------------|
| REVENUES | \$ 9,386,411 | \$ 11,087,517 | \$ 11,036,420 |
| EXPENDITURES | \$ 8,664,870 | \$ 9,328,135 | \$ 10,013,451 |
| NET REVENUES | \$ 721,541 | \$ 1,759,382 | \$ 1,022,969 |
| NET ASSETS | \$ 4,510,136 | \$ 6,269,518 | \$ 7,327,504 |

MGSLP EXPERIENCED A PORTFOLIO GROWTH FROM \$1,639,865,033 IN FY2006 TO \$1,783,014,809 IN THE CURRENT YEAR, WHILE CLAIMS PAID TO LENDERS FROM THE FEDERAL RESERVE FUND REMAINED CONSTANT. IN FISCAL YEAR 2007, THE AGENCY WILL CONTINUE TO MEET AND EXCEED THE STATUTORY FEDERAL RESERVE RATIO REQUIREMENT OF .25%

| <u>FEDERAL RESERVE FUND</u> | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> |
|-----------------------------|----------------|----------------|----------------|
| REVENUES | \$ 17,147,247 | \$ 19,017,329 | \$ 19,750,888 |
| EXPENDITURES | \$ 16,804,508 | \$ 19,857,677 | \$ 19,145,327 |
| NET REVENUES | \$ 342,739 | \$ (840,348) | \$ 605,561 |
| NET ASSETS | \$ 6,620,212 | \$ 5,779,864 | \$ 5,971,900 |
| RESERVE RATIO | .59% | .48% | .36% |

*COPIES OF AGENCY'S COMPLETE FINANCIAL STATEMENTS, INCLUDING NOTES MAY BE OBTAINED BY CONTACTING MGSLP



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